

HOUSE IS STARTING HEARINGS ON C.I.A.

Agency Report of Activity for Libya Is Focus of Inquiry

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WASHINGTON, Jan. 31 — The House Intelligence Committee will begin closed hearings Tuesday on the Central Intelligence Agency's investigation of its possible links to two former agents who sold their services to Libya.

The C.I.A.'s internal investigation may have failed to pursue several significant lines of inquiry and may not have examined all possible sources of information, sources familiar with the committee's work said. The inquiry was conducted in 1976 and 1977 by the agency's inspector general to determine whether any officials helped establish a terrorist training project in Libya.

Report Exonerated Officials

The inspector general's report, which led to the dismissal of two middle-level agency employees, exonerated several senior intelligence agency officials who were suspected of having ties to the former agents, Edwin P. Wilson and Frank E. Terpil, according to former C.I.A. officials.

The report also served until recently as the basis for agency statements that the C.I.A. had thoroughly investigated the Wilson-Terpil matter and had found

Continued on Page A11

7/1/82 All

House Intelligence Unit to Check C.I.A.'s Inquiry into Libya Links

Continued From Page A1

no official ties to the Libyan operation organized by the two men.

A second internal C.I.A. investigation, initiated last year by William J. Casey, the Director of Central Intelligence, is continuing, according to Reagan Administration officials. To date, it has found no evidence of official agency approval or support for the operation, according to the C.I.A.

It has, however, raised questions about the thoroughness of the first investigation, according to those familiar with the committee's work. These sources declined to provide details, but said that agency investigators might have prematurely cleared senior officials.

Mr. Wilson and Mr. Terpil were indicted in 1980 on charges of illegally shipping explosives to Libya. They are currently living abroad as fugitives.

The two men, according to the Justice Department, reached an agreement with Muammar el-Qaddafi, the Libyan leader, in 1976 to sell Libya their expertise in intelligence and military matters to help train terrorists.

The C.I.A.'s internal investigation is one of several facets of the Wilson-Terpil case that the House Permanent Select Committee on Intelligence is expected to explore in three hearings this week, committee staff members said.

Other facets include the recruitment of Army Special Forces veterans to train terrorists in Libya and Mr. Wilson's association with a secret Navy intelligence unit called Task Force 157.

The hearings will conclude a four-month committee staff investigation into the activities of Mr. Wilson and Mr. Terpil. The committee, according to staff members, has reached no conclusions about the adequacy of the inspector general's report, but enough questions have been raised to warrant a review of the specific Wilson-Terpil inquiry as well as the general ability of the C.I.A. to investigate possible misconduct by its officials.

Officials Defend Inspector General

Former officials of the agency, including Adm. Stansfield Turner, Director of Central Intelligence in the Carter Administration, defended the work of the inspector general in the Wilson-Terpil case. "I turned him loose and I'm satisfied that he got me to the bottom of the case," Admiral Turner said in a recent interview.

Admiral Turner dismissed two middle-level agency employees in 1977 after the inspector general found that they had helped Mr. Wilson establish the terrorist training operation in Libya.

At the time, the C.I.A.'s inspector general was John H. Waller, who worked in the agency's clandestine operations division.

ing inspector general in 1976, according to former intelligence officials. Mr. Waller retired from the C.I.A. several years ago.

Mr. Waller's investigation of the Wilson-Terpil case focused almost exclusively on officials in clandestine operations, including several with whom he had worked closely before becoming inspector general, according to former intelligence officials. Mr. Waller last week declined to discuss his work at the C.I.A.

Specifically, Mr. Waller exonerated Theodore G. Shackley, deputy to the director of clandestine operations, and Thomas G. Clines, director of training in the clandestine services, both of whom maintained ties to Mr. Wilson after he left government employment in 1976 and established operations in Libya.

Mr. Shackley and Mr. Clines have denied knowing the nature of Mr. Wilson's business in Libya. Mr. Clines has acknowledged that Mr. Wilson helped him set up a petroleum equipment business when he left the C.I.A. in 1978. Mr. Shackley went to work for Mr. Clines when he retired in 1979, according to both men.

The House Intelligence Committee is said to be concerned about the potential conflict facing Mr. Waller when he was asked to investigate the links between Mr. Wilson and Mr. Shackley and Mr. Clines.

Witnesses expected to testify at Tuesday's hearing, which will examine Mr. Wilson's links to the agency, will include Mr. Casey; Admiral Bobby R. Inman, the Deputy Director of Central Intelligence; Charles A. Briggs, the current inspector general, and Stanley Sporkin, the agency's general counsel.

Admiral Inman is expected to return the next day to discuss Mr. Wilson's work for Task Force 157, a secret Navy intelligence unit that the admiral dismantled in the mid-1970's when he was Director of Naval Intelligence.

Defense Department officials are expected to appear Thursday to discuss Mr. Wilson's recruitment of Luke F. Thompson, an officer on active duty in the Army Special Forces, to help train terrorists in Libya. Mr. Thompson has asserted that his superiors in the Green Berets approved his mission to Libya.